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SUBJECT: BRAZIL: NEW DELHI IBAS SUMMIT ENSURES CONTINUITY

REF: NEW DELHI 2763

¶1. (SBU) Summary. Brazilian diplomats say Brazil was satisfied with the October 15 India-Brazil-South Africa (IBAS) Summit in New Delhi because it strengthened IBAS and should ensure its continuity after the upcoming changes in member state governments. The IBAS Fund is capitalized at only twelve million dollars, but leaders approved four new development projects and a second phase for two existing projects. A leading goal of IBAS continues to be increasing and diversifying trade flows among the three, with a goal of 25 billion dollars by 2015. Brazil will assume the IBAS secretariat in 2009 and host the next summit a year from now. End summary.

¶2. (SBU) Poloff met on October 21 with Counselor Joao Genesio de Almeida, director of the IBAS Division at the Ministry of External Relations. Almeida said Brazil considers the summit a success because IBAS's continuity is now increasingly ensured despite the inevitable changes in member state governments. This was Brazil's overriding goal and it was achieved, he said. IBAS is still pursuing other goals that have not yet reached their potential, he added, citing Brazil's interest in increasing trade flows, creating investment opportunities, and increasing trade in medicines and technology. He noted that IBAS already has done a lot to fill "voids" in the bilateral relationships Brazil had with India and South Africa, and that this occurred "very quickly." Brazil's long-range goal is "convergence," Almeida said, and it has been going very well.

IBAS Fund

¶3. (SBU) At the summit, leaders agreed to advance two existing IBAS Fund projects to a second phase) solid waste collection in Haiti and agricultural development in Guinea-Bissau -- and to initiate four new projects. The new projects are a sports complex in Ramallah; an HIV/AIDS clinic in Burundi; a water management project in Laos; and a desalinization project in Cape Verde. The IBAS Fund was conceived in 2004 as a fund to combat hunger and poverty, according to MRE briefing papers available online (www2.mre.gov.br/ibas/). Almeida said the IBAS Fund is currently capitalized at twelve million dollars, with seven million designated for Fund projects and the remainder unallocated.

Challenges: Transportation, Trade, and the IBAS Mechanism

¶5. (SBU) Almeida cited increasing commerce and transportation links among the three countries as a major challenge Brazil would like to address. IBAS has set a goal

of increasing total three-way commerce from the current eight billion dollars a year to 15 billion in 2010 and 25 billion dollars by 2015. Almeida acknowledged this was a very ambitious goal and said it was suggested by the Business Forum, and in view of a possible global recession, leaders might review trade goals at upcoming meetings in Brazil. He added that the IBAS mechanism must be improved and structured, although IBAS members want to keep it informal and relatively free of bureaucracy.

Upcoming meetings

¶4. (U) Brazil will assume the IBAS secretariat next year and will host the next summit on October 8, 2009. IBAS Foreign Ministers will meet in Brazil in July, and member states may hold a special meeting on economic topics later this year.

Comment

¶6. (SBU) By defining success as IBAS's continuity, Brazil has set the bar low. This could be because other goals are too still difficult for the young group to achieve and Brazil may not have high expectations from IBAS in the near future. The goal of increasing three-way trade to 25 billion dollars in seven years may be especially difficult and would require rapid growth through a likely global recession with falling or weak commodity prices. "Convergence" in some areas may be easy but in others, such as on the Doha Round, sharp divisions remain, especially between Brazil and India.
SOBEL